

Funding California's CHIP Coverage: What Will it Cost? 2009

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February 17, 2009

Draft Release

Prepared for the California HealthCare Foundation

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Purpose and Approach

- This study is designed to help inform policymakers on Title XXI funding needs for the next five years.
- Fundamentally, this study is a budget forecast.
 - The future spending projections are based on historical growth of relevant budget line items.
- Assumptions are made based on low, medium, and high rates of change for various factors.
 - This gives a range of costs to the reader.
 - Accuracy of all estimates are based on assumptions.

Background: California's Title XXI Programs

Program	Enrollment SFY 07-08 (Average Monthly)	Total Spending SFY 07-08 In Millions	State Spending FY 07-08 In Millions
Healthy Families Program (HFP)	851,000 Children	\$1,077	\$398
Access for Infants & Mothers (AIM)	1,035 Mothers	\$131	\$57
Medi-Cal Associated Programs	331,000 Children	\$726	\$260

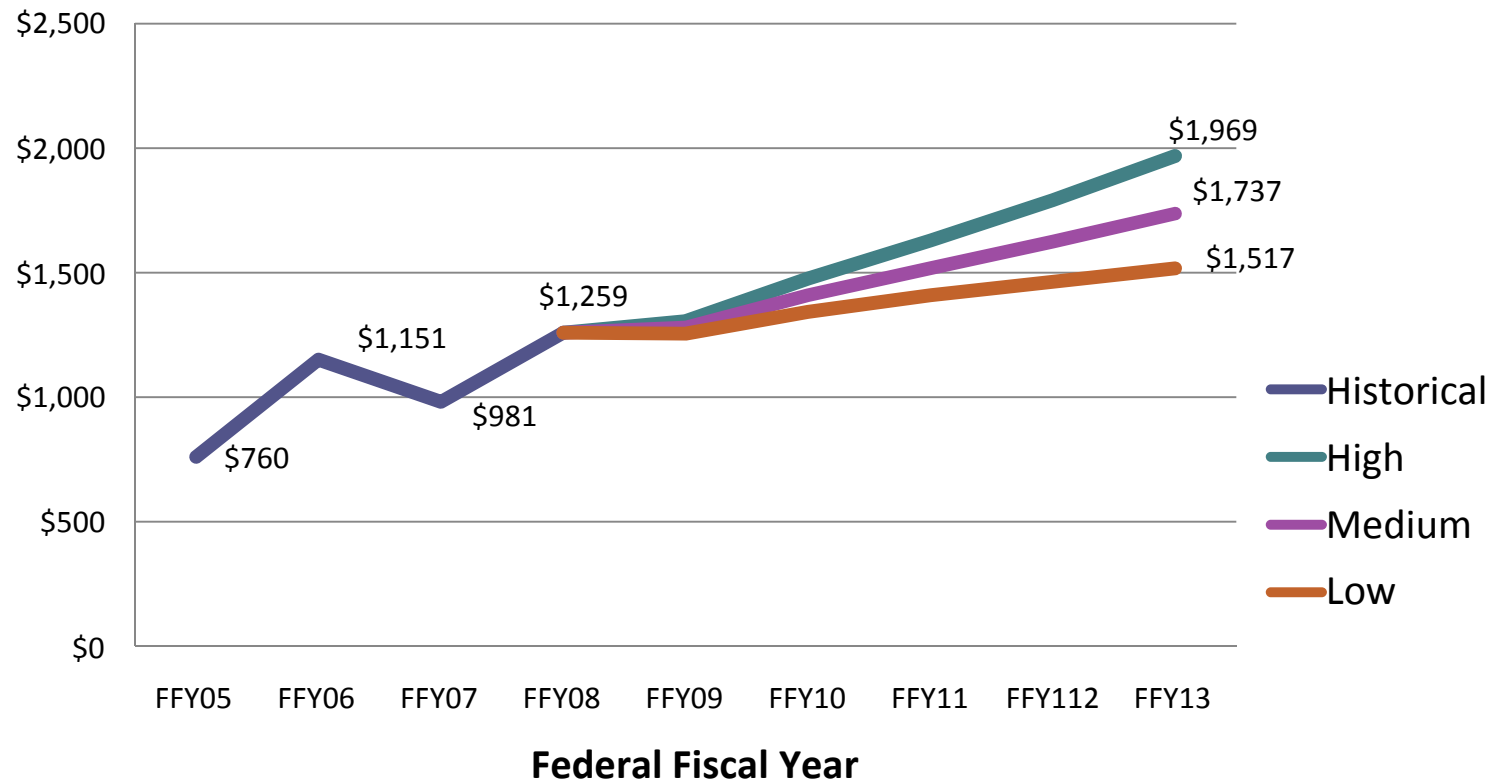
Note: HFP includes legal immigrant children and AIM-linked infants. AIM enrolled a total of 12,415 women in SFY 07-08, with an average of 1,035 new mothers enrolling every month.

Key Findings

- While future allotment spending is difficult to predict, California should have sufficient funding under reauthorization.
- Overall, to meet and sustain current programs funded by CHIP over the next five years, California will need:
 - Between \$7.0B and \$8.3B in federal dollars; and
 - Between \$3.8B and \$4.5B in state dollars.
 - These amounts include federal dollars for legal immigrants and an eligibility expansion to 250 to 300% of the FPL.
- While dependent on a range of factors, California could add as many as 440,000 children and 300 mothers to monthly average enrollment over the next five years.

California's Overall Federal Need

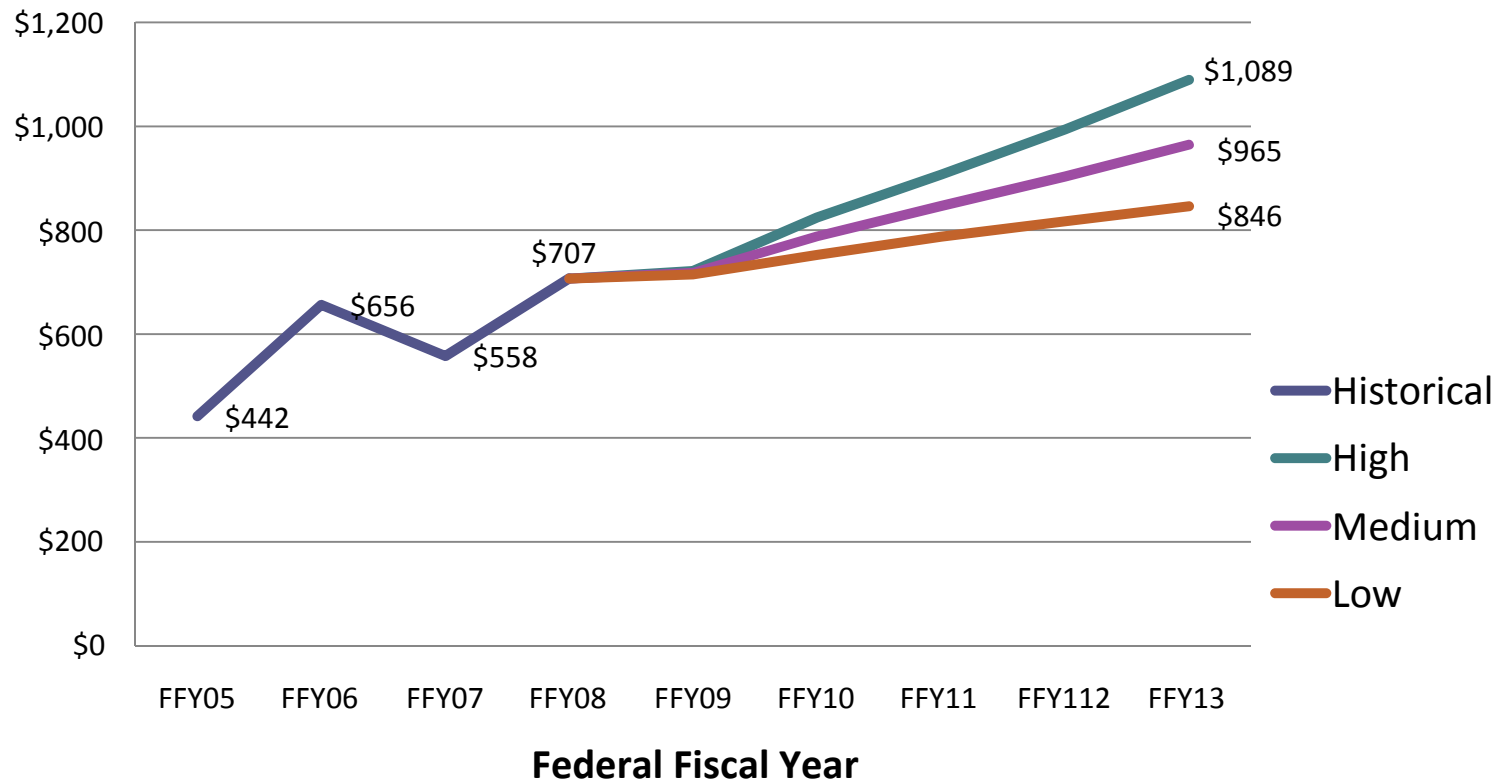
Projected Federal Spending Need In Millions



FFY 05-FFY 08: Actual spending data provided by MRMIB and DHCS. FFY 09-FFY 13: Author estimates; Includes legal immigrant children.

California's Overall State Need

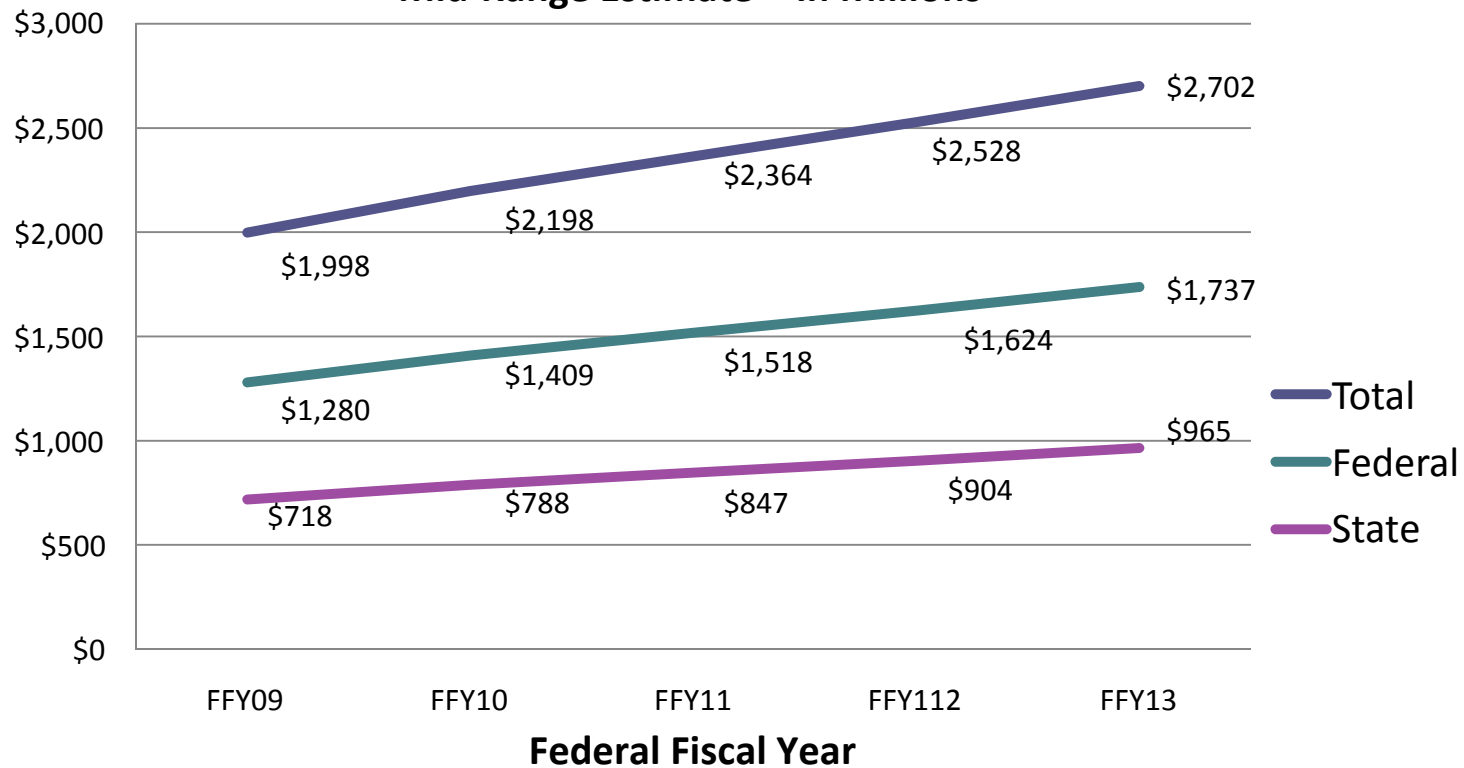
Projected State Spending Need In Millions



FFY 05-FFY 08: Actual spending data provided by MRMIB and DHCS. FFY 09-FFY 13: Author estimates.

California's Overall Estimate

Projected State and Federal Spending under CHIPRA III: Mid-Range Estimate – In Millions



*Assumes coverage expansion to 300% FPL in FFY10. Includes legal immigrant children and enrollment expansion.
Numbers may not add due to rounding.*

Breaking Down The Numbers

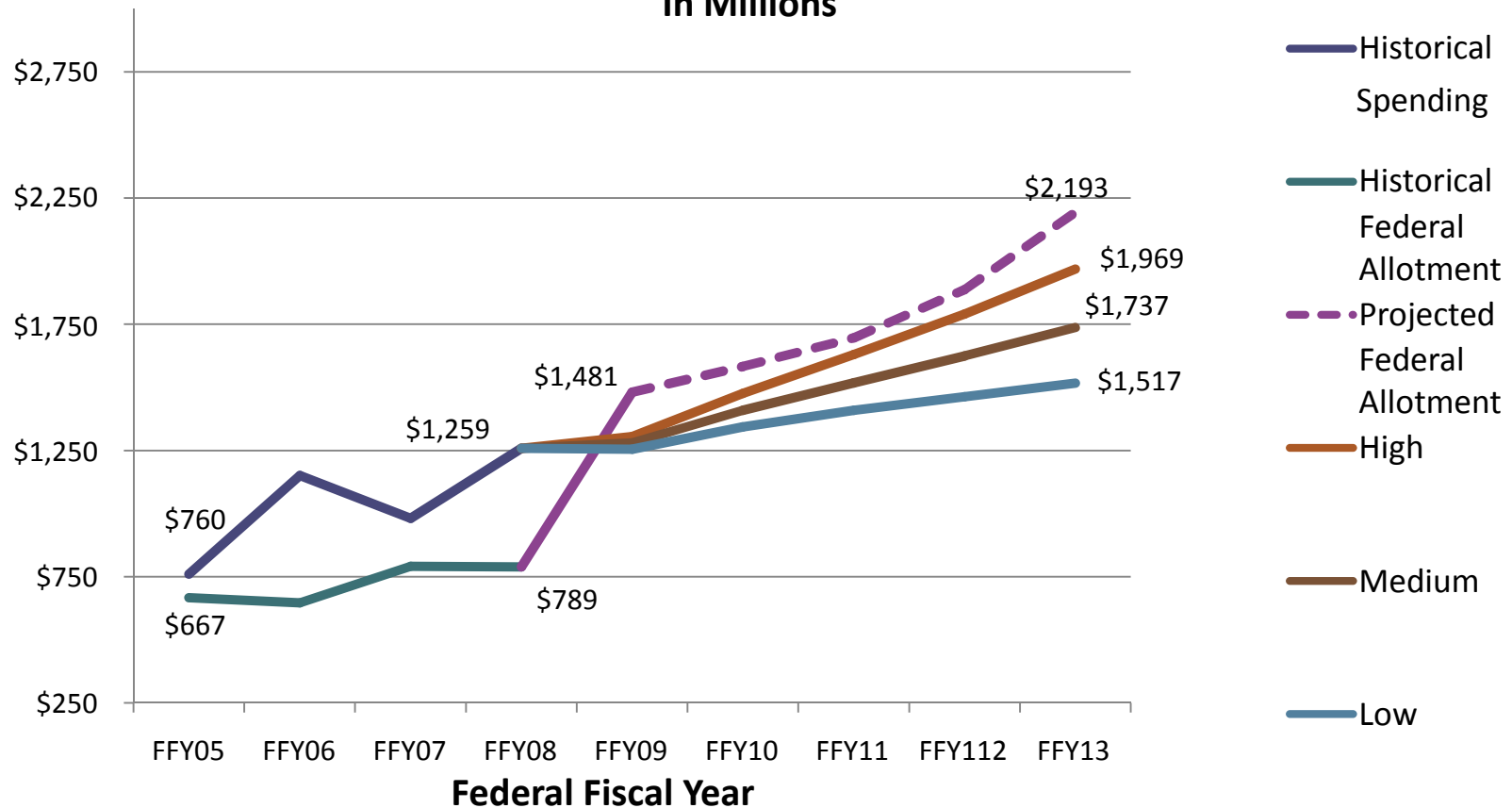
Key Analytic Assumptions

Estimated Federal Allotment

- Model assumes the state receives 12.6% of total funds.
 - Historically, California's share has been 16%. The Congressional Research Service estimates 14% in FFY09 and CBPP estimates 12.6% in FFY10.
- The estimated allotment illustrates sufficient overall funding.
 - Actual allotments will differ based on spending and bonus dollars received.
 - Future allotments are difficult to project because CHIPRA III will align allotments to actual spending.
 - The upside: if California spends more money, more funding is available.

California's Overall Federal Need

**Projected Federal Spending Vs. Estimated Federal Funding
In Millions**



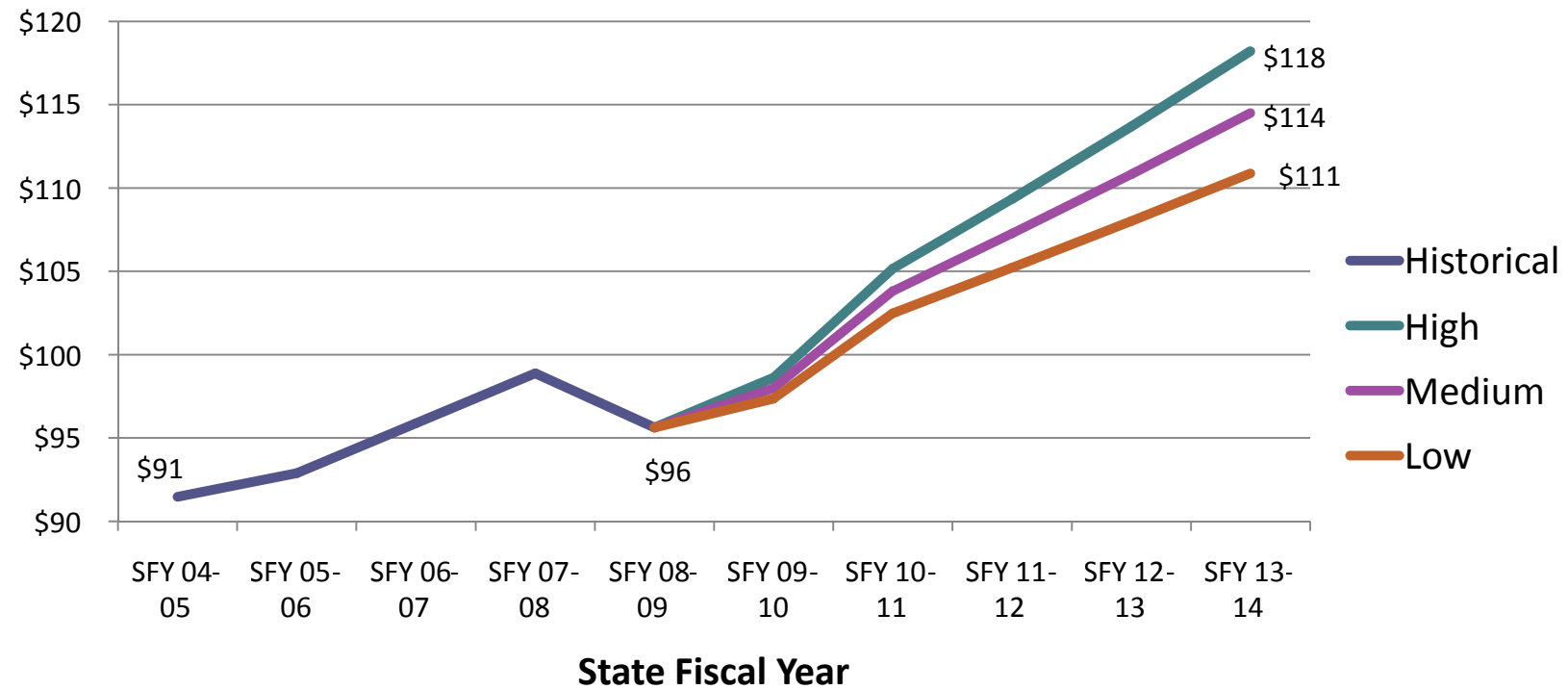
Spending: FFY 05-FFY 08: Actual spending data, per MRMIB and DHCS. FFY 09-FFY 13 Spending: Author estimates, with expansion to 300% FPL. **Allotments:** FFY05-FFY08: Actual. FFY 09: Congressional Research Service. FFY 10-13: 12.6% of national allotment.

HFP Plan Payment Assumptions

- **Plan Payments:** Projection reflects MRMIB's long history of cost containment, with rates increasing between 2.6% and 3.8% annually, on average.
- **Rebasing:** Assumes HFP payments rebased at 2.5% in FFY10 and FFY11.
- **Administrative Vendor Costs:** Held flat at \$4.10 PMPM over 5-year window.
- **Enrollee Premiums:** Held flat at average of \$8.41 PMPM over 5-year window.

HFP Monthly Plan Payments

Average Monthly Matchable Health Plan Payment - HFP



Note: The "matchable health plan payment" includes administrative costs, which can be matched, and deducts average premiums, which cannot be matched.

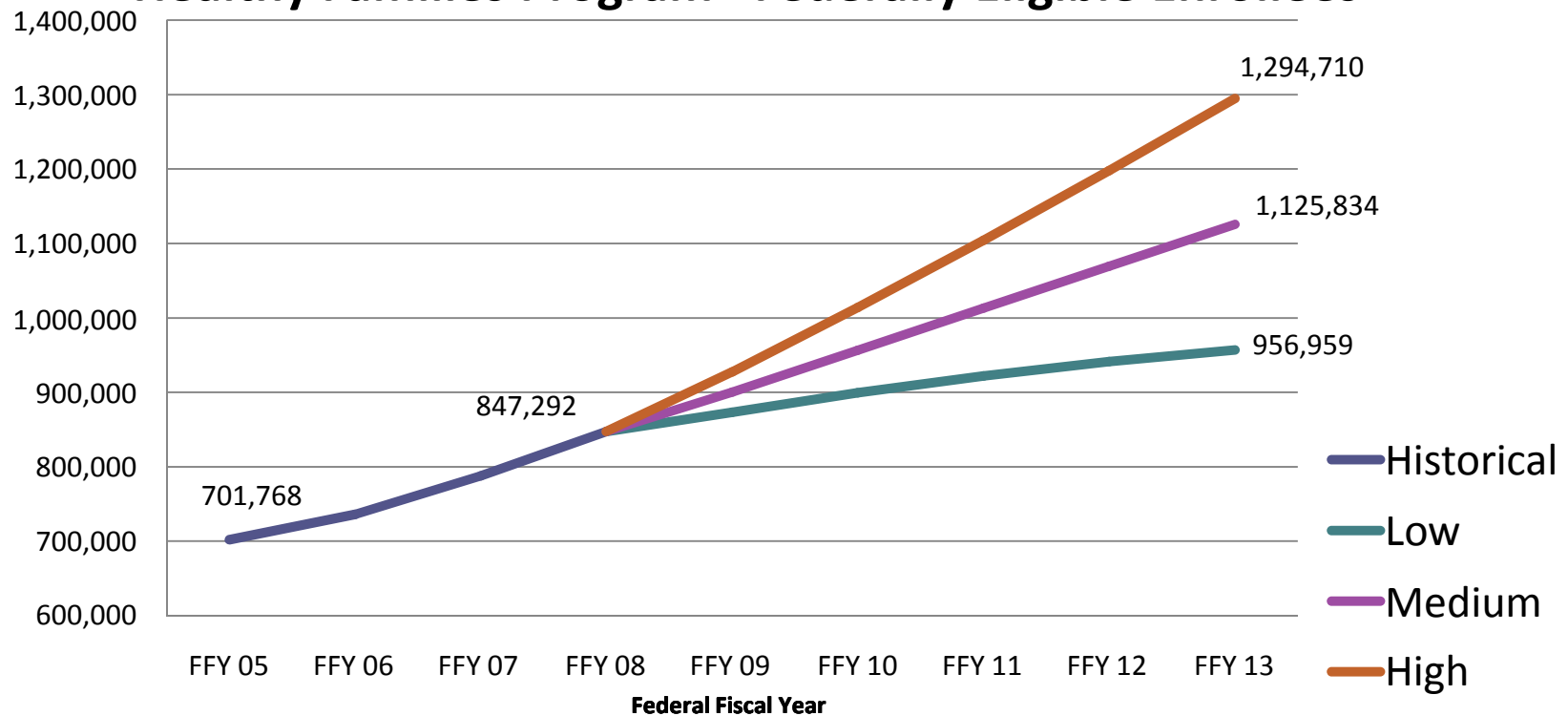
HFP Enrollment Growth Assumptions

- **Growth Rate:** Based on historical growth, rates used to predict future growth are between 1.9% and 7.9% on average, annually.
- The high-low range estimate helps account for unknowns:
 - **Increasing Factors:** Enrollment increase due to law passing and press; weak economy; CHIPRA III enrollment incentives.
 - **Decreasing Factors:** New citizenship rules; 2009 premium change; possible future premium increases.

HFP Projected Enrollment

Average Annual Enrollment

Healthy Families Program - Federally Eligible Enrollees



FFY 05-FFY 08: Actual enrollment numbers, per MRMIB.

FFY 09-FFY 13: Author estimates; excludes legal immigrants; current eligibility rules.

Legal Immigrant Children

- California covered an estimated 16,000 legal immigrant children in HFP in August 2008, almost 2% of total HFP enrollment.
 - Under welfare reform, federal law banned federal funds being used in Medicaid and CHIP for any legal immigrants residing in the country for less than 5 years.
 - California state law, however, currently allows for this same population to be covered with 100% state dollars.
- By using the new federal flexibility, California would receive additional federal funding:
 - **First 12 Months:** \$20M (between \$18 and \$21M, includes \$3M Medi-Cal)
 - **Over Five Years:** \$110M (between \$83 and \$105M, includes \$16M Medi-Cal)
- Estimate assumes a one-time 15% spike in enrollment due to CHIPRA III press for HFP, with enrollment growing at HFP rate.

Possible HFP Program Enrollment Expansion: 250 to 300% FPL

- Estimate assumes mid-range estimate that 50,000 children will be covered under HFP as part of income eligibility expansion in FFY10.
 - CHIS estimates there are 100,000 uninsured children between 200 and 299% FPL in 2007.
- By expanding coverage, California would need:
 - **FFY10:** \$40M Federal (between \$31 and \$47M)
 - **Over Four Years:** \$179M Federal (between \$140 and \$218M)

Summary:

HFP Projected Program Enrollment

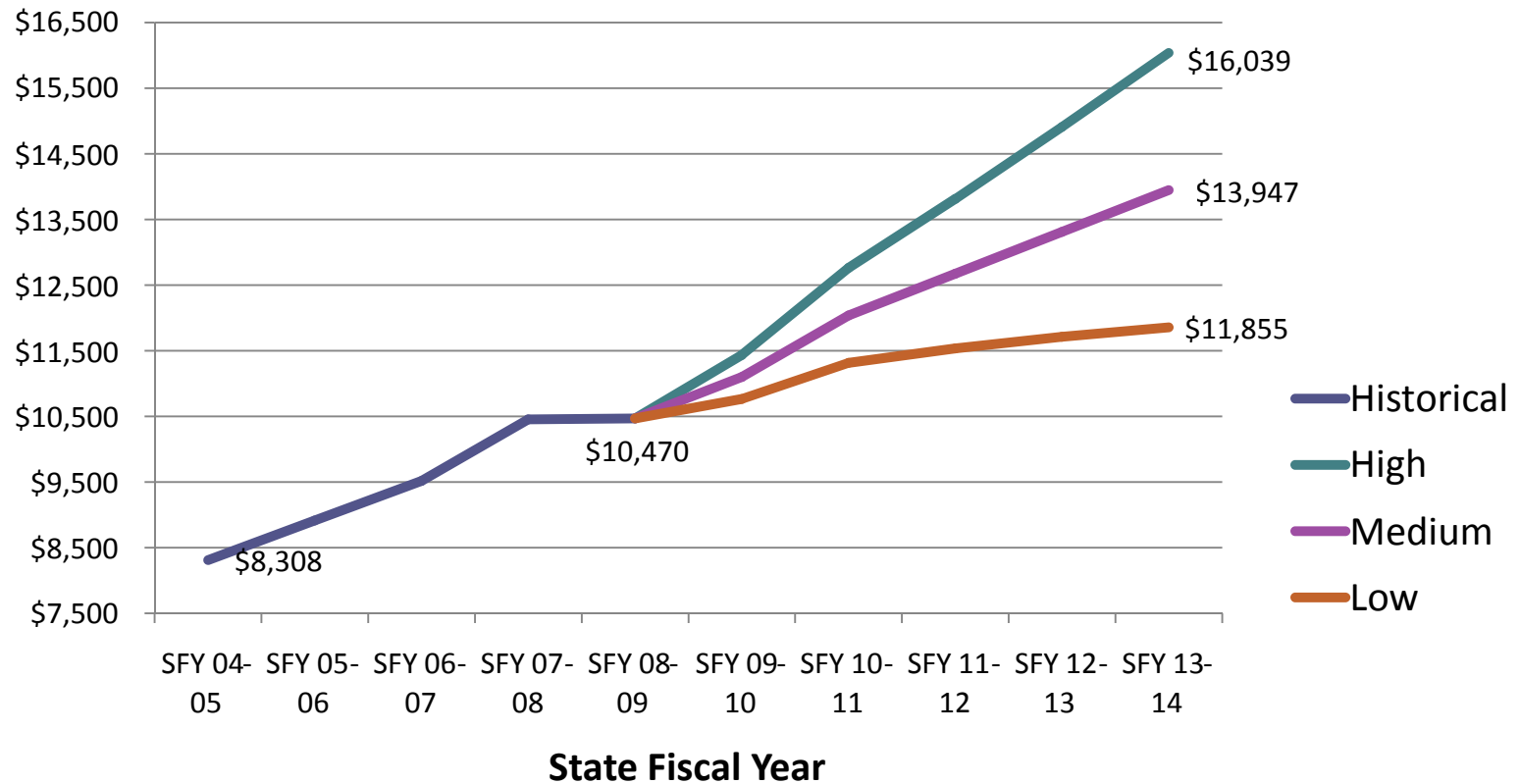
High Estimate - Average Monthly Enrollment

	FFY 09	FFY 10	FFY 11	FFY 12	FFY 13
Enrollment	951,000	1,098,000	1,192,000	1,290,000	1,391,000
HFP and AIM-Linked Child	927,000	1,014,000	1,104,000	1,198,000	1,295,000
ICHIA Expansion	23,400	24,300	25,200	26,100	27,100
Expansion to 250-300 FPL	Not Assumed	60,000	62,600	65,300	68,100

Based on high estimates. Numbers may not add due to rounding. Federal Fiscal Year (FFY) is from October 1 to September 31. Data does not include Medi-Cal Title XXI enrollment.

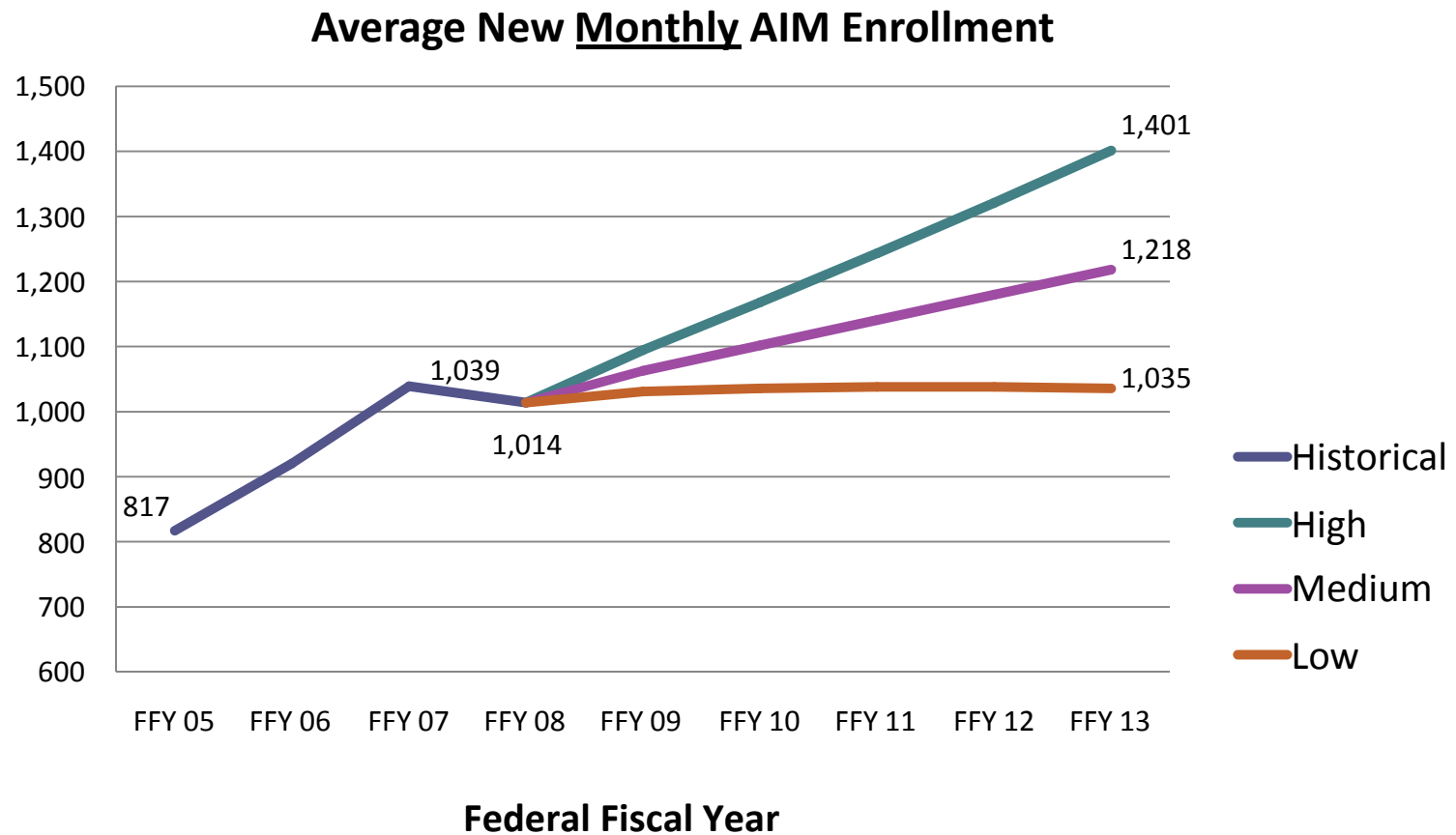
AIM Plan Payment

Projected Growth in AIM Plan Payments



FFY 05-FFY 08: Actual PMPM, per MRMIB. FFY 09-FFY 13: Author estimates.

AIM Projected Enrollment



*FFY 05-FFY 08: Actual enrollment numbers provided by MRMIB. FFY 09-FFY 13: Author estimates.
Total average AIM moms covered ranges from 13,100 in FFY 09 to 16,800 in FFY13.*

Title XXI Medi-Cal Spending

- Depending on the year, 30% to 40% of California Title XXI federal spending occurs through Medi-Cal.

Major Programs	Eligibility	Length of Coverage	Enrollment SFY 07-08 (Monthly Enrolled)
Asset Waiver Children	Children otherwise Medi-Cal eligible except for family assets.	12 months, continuous	140,000
CHDP Gateway	Children deemed eligible for coverage-based CHDP use.	2 months	100,000
Accelerated Enrollment	Children screened at Single Point of Entry who appear Medi-Cal eligible.	While county determination is pending.	18,000
Bridge to HFP	Coverage as children transfer from Medi-Cal to HFP	1 month	10,000

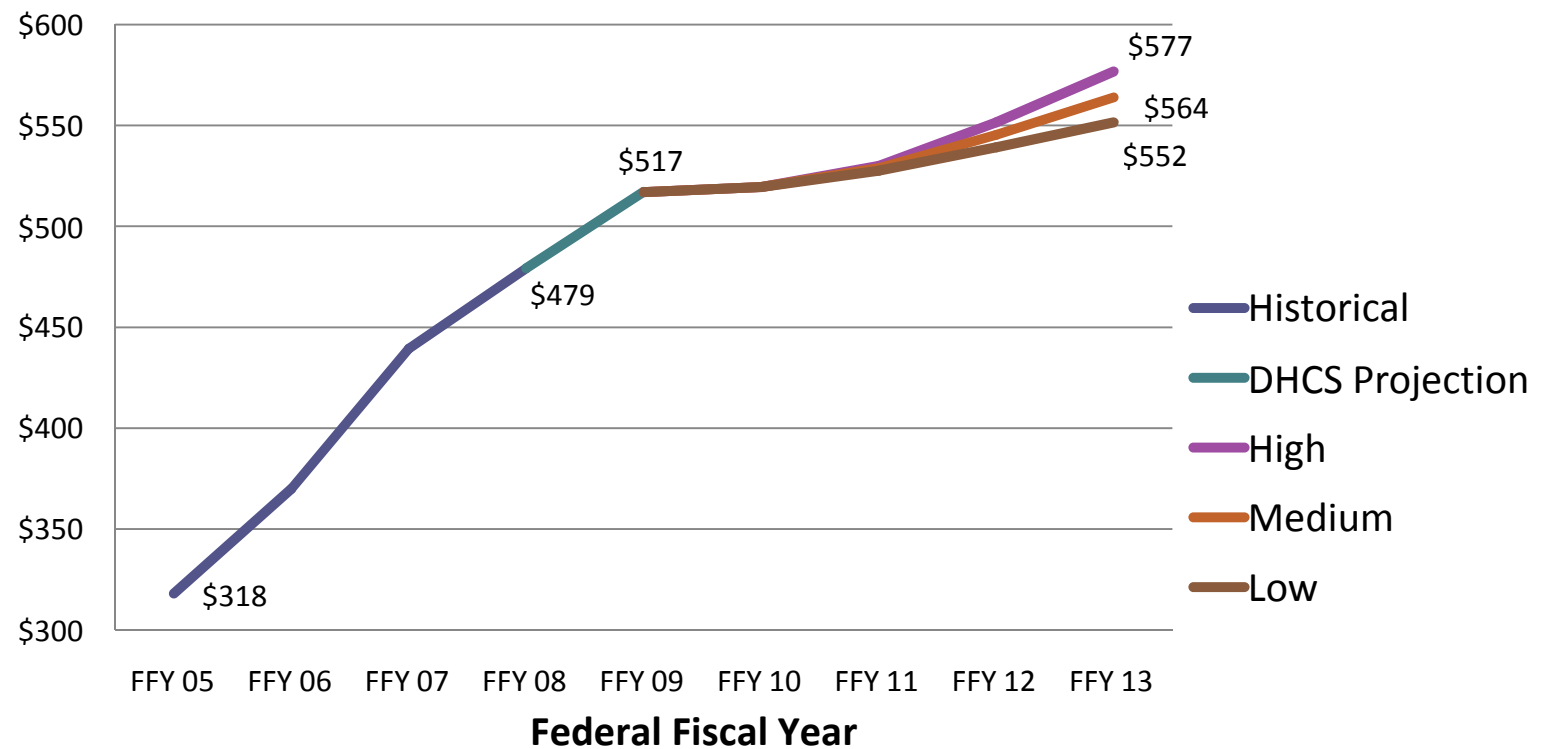
A substantial number of additional children receive support through: California Children's Services, mental health, and administrative spending.

Title XXI Medi-Cal Spending

- Predicting future growth is challenged by wide swings in historical spending.
 - SFY 05-06 to 06-07: 23% growth
 - SFY 08-09 to 09-10: 1.9% growth
- Given the entitlement nature of the program, there is every reason to assume Medi-Cal spending will outpace HFP growth in the future.
- Medi-Cal PE no longer counts against Title XXI allotment, freeing substantial allotment room.

Medi-Cal Title XXI Spending

Projected Federal Medi-Cal Title XXI Spending In Millions



*Note: Numbers rounded. FFY 05-FFY 08: Actual spending data provided by DHCS.
FFY 09: Based on DHCS November 08 Estimate. FFY 10-FFY 13: Author estimates.*

Acknowledgements

- This report was prepared by Peter Harbage and Hilary Haycock of Peter Harbage Consulting LLC, peter@harbageconsulting.com
- For their generous input on the report, the authors would like to thank:
 - Lesley Cummings, Terresa Krum, and Staff, *MRMIB*
 - Kristen Testa and Stephanie Gluckman, *Children's Partnership*
 - Kelly Hardy, *Children Now*
 - Loretta Wallis, *Department of Health Care Services*
- This analysis was peer reviewed by a team from Sellers Dorsey Consulting, led by Pris Boroniec, Director.

*Made Possible By Funding From
The California HealthCare Foundation*